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**Testimony of AARP on**

**S.B. 117, *AA Limiting Increases in Health Insurance Premiums Based on Age Band Adjustments*  
Insurance and Real Estate Committee**

**January 31, 2013**

Chairmen Crisco, Megna, Ranking Members Kelly and Sampson, and members of the Insurance and Real Estate Committee, on behalf of our nearly 600,000 Connecticut members, AARP offers the following testimony in support of proposed S.B. No. 117.

AARP is a nonpartisan, nonprofit social welfare organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP is an advocate nationwide for the rights of people aged 50 and older. A major priority for AARP is to expand access to affordable, quality health care.

We strongly support the concept outlined in proposed S.B. 117 to limit increases in health insurance premiums based on age band adjustments. Proposed S.B. 117 would help make insurance coverage more affordable for older residents by limiting how much insurance premiums could vary between the youngest and oldest enrollees in a plan—a policy known as “age-rating.”

At the federal level, AARP successfully advocated for changes in the Affordable Care Act (ACA) that begin to address this issue by limiting age rating to 3:1. Unfortunately, this still means older adults could pay up to 3 times as much for the same insurance plan as a younger person.

AARP believes policymakers should examine changes to ACA rating requirements to further phase down age variation from 3:1 to pure community rating. Community rating would ensure that individuals covered under the same plan are charged the same premium regardless of individual characteristics. We know this is possible. Unlike the individual private market, most employer-based health plans, Medicare and the Federal Employee Health Benefit Plan and state employee health insurance don't use age-rating and they provide quality affordable care.

While varying individual insurance premiums based on factors related to spending might seem fair, age-rating alone does a poor job of linking premiums with expected costs. Although average spending on health care increases with age, spending is highly dependent on health status for all age groups. Additionally, age-rating pushes cost disproportionately on to the oldest individuals in the market. As a result, health insurance may become unaffordable for many older individuals, leaving them without health insurance.

AARP supports limitations on the use of age to vary health insurance premiums. Charging someone more money for the same insurance policy—simply because of their age—runs counter to American's fundamental notion of fairness. We urge this Committee to address age-rating practices that make it cost-prohibitive for many adults age 50-64 to access private insurance on the individual market. Thank you.

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